



Department of Business Regulation

233 Richmond Street
Providence, RI 02903

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Managing General Agents

R.I. Gen. Laws § 27-51-2(3)(i) defines a Managing General Agent (“MGA”) subject to the provisions of R.I. Gen. Laws § 27-51-1 *et seq.* The definition of MGA in R.I. Gen. Laws § 27-51-2(3)(i) provides that, in addition to the other requirements detailed in the definition, a person, firm, association or corporation is an MGA if he/she/it “(A) adjusts or pays claims in excess of an amount determined by the insurance commissioner or (B) negotiates reinsurance on behalf of the insurer”.

The purpose of this Bulletin is to establish the amount of claims as required in subdivision (A) quoted above. The Insurance Commissioner has determined that adjustment or payment of claims in excess of ten thousand dollars (\$10,000) satisfies the subsection (A) requirement. Therefore, if an MGA meets the other requirements of R.I. Gen. Laws § 27-51-2(3)(i) and adjusts or pays an amount per claim in excess of ten thousand dollars (\$10,000), that person or entity is an MGA subject to the provisions of R.I. Gen. Laws § 27-51-1 *et seq.*

Pursuant to R.I. Gen. Laws § 27-51-3(c) the Commissioner will require that an MGA obtain and maintain a surety bond for the protection of the insurer. The bond amount shall be at least one hundred thousand dollars (\$100,000) or ten percent (10%) of the MGA’s total annual written premium nationwide produced by the MGA for the insurer in the prior calendar year, but in no event greater than five hundred thousand dollars (\$500,000).

Marilyn Shannon McConaghy
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